

**MIDDLEBURY TOWNSHIP  
(SHIAWASSEE COUNTY)**

**FINANCIAL STATEMENTS**

**MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

|   |                         |  |                      |
|---|-------------------------|--|----------------------|
| Local Government Type<br><input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                         | Local Government Name<br>Middlebury Township         | County<br>Shiawassee |
| Audit Date<br>3-31-04   | Opinion Date<br>7-30-04 | Date Accountant Report Submitted to State:<br>9-2-04 |                      |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

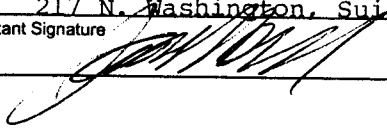
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

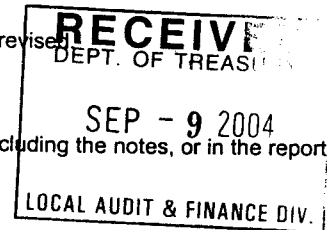
You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | X        |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | X            |
| Single Audit Reports (ASLGU).   |          |                 | X            |

|   |                |                |              |
|---|----------------|----------------|--------------|
| Certified Public Accountant (Firm Name)<br>Demis and Wenzlick, P.C.   |                |                |              |
| Street Address<br>217 N. Washington, Suite 201  | City<br>Owosso | State<br>MI    | ZIP<br>48867 |
| Accountant Signature<br> |                | Date<br>9-2-04 |              |



## TABLE OF CONTENTS

|   |         |
|---|---------|
| INDEPENDENT AUDITOR'S REPORT  | 1 - 2   |
| AUDITED FINANCIAL STATEMENTS  |         |
| Combined Balance Sheet - All Funds and<br>Account Groups  | 3       |
| Combined Statement of Revenues, Expenditures and<br>Changes in Fund Balances  | 4       |
| Combined Statement of Revenues, Expenditures and<br>Changes in Fund Balances, and Comparison of<br>Budget to Actual | 5       |
| Combining Statement of Changes in Assets and<br>Liabilities - All Agency Funds                                      | 6       |
| Notes to Financial Statements   | 7 - 14  |
| OTHER FINANCIAL INFORMATION   |         |
| General Fund:   |         |
| Balance Sheet   | 15      |
| Statement of Revenues, Expenditures and<br>Changes in Fund Balance  | 16 - 18 |
| Special Revenue Funds:  |         |
| Cemetery Fund:  |         |
| Balance Sheet   | 19      |
| Statement of Revenues, Expenditures and<br>Changes in Fund Balance  | 20      |
| Fiduciary Funds:  |         |
| Current Tax Collection Fund:  |         |
| Statement of Cash Receipts, Disbursements and<br>Balances   | 21      |
| General Fixed Assets Account Group:   |         |
| Schedule of General Fixed Assets  | 22      |

TABLE OF CONTENTS (CONTINUED)

General Long-Term Debt Account Group:

|                                    |    |
|------------------------------------|----|
| Balance sheet                      | 23 |
| Analysis of Change in Fund Balance | 24 |
| Note Payable - Land Contract       | 25 |



# DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

217 N. Washington Street  
Pabst Building, Suite 201  
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143  
E-MAIL office@dw-cpa.com

Lori S. Chant, C.P.A.  
Carol A. Demis  
Jeanette Gaitskill  
Janet E. Guru  
Janis K. Mead  
Tammy Pappas  
Peggy Ryan  
Joyce M. Simmons  
Geraldine Terry, C.P.A.

James Demis, Jr., C.P.A.  
LaVearn G. Wenzlick, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Members of the Township Board  
Township of Middlebury  
Shiawassee County, Michigan

Gentlemen:

We have audited the accompanying general-purpose financial statements of the Township of Middlebury, Michigan as of and for the year ended March 31, 2004. These financial statements are the responsibility of the Township of Middlebury, Michigan's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Middlebury, Michigan, as of March 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information has been subjected to the auditing procedures applied in the examination of the combined, combining, and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Our report of comments and recommendations dated July 30, 2004, has been submitted under separate cover.

*Dennis and Lengyel, P.C.*

Certified Public Accountants

Owosso, Michigan  
July 30, 2004

MIDDLEBURY TOWNSHIP  
COMBINED BALANCE SHEET - ALL FUNDS AND ACCOUNT GROUPS  
MARCH 31, 2004

|   | GOV'T<br>FUNDS<br>GENERAL<br>FUND | SPECIAL<br>REVENUE<br>FUNDS<br>CEMETERY<br>FUND | FIDUCIARY<br>FUNDS<br>TRUST &<br>AGENCY<br>FUNDS | GENERAL<br>FIXED<br>ASSETS<br>FUND | GENERAL<br>LONG-<br>TERM<br>DEBT<br>FUND |
|---|-----------------------------------|---|--|------------------------------------|--|
| ASSETS:   |                                   |   |  |                                    |  |
| Cash  | \$103,364                         | \$  | \$5,230  | \$                                 | \$                                       |
| Cert. Of<br>Deposit                                     | 40,585                            | 21,622  |  |                                    |  |
| Int. Rec.   | -0-                               | 14  |  |                                    |  |
| Taxes Rec.  | 4,249                             |   |  |                                    |  |
| Due from Other<br>Funds                                 | 5,230                             |   |  |                                    |  |
| Fixed Assets  |                                   |   |  | 135,534                            |  |
| Amt. To be<br>Provided for<br>Retirement of<br>L-T Debt |                                   |   |  |                                    | 8,725                                    |
| TOTAL ASSETS  | <u>\$153,428</u>                  | <u>\$21,636</u>                                 | <u>\$5,230</u>                                   | <u>\$135,534</u>                   | <u>\$8,725</u>                           |
| LIABILITIES:  |                                   |   |  |                                    |  |
| Due to Other<br>Funds                                   | \$                                | \$  | \$5,230  | \$                                 | \$                                       |
| Accts. Pay.   | 2,665                             |   |  |                                    |  |
| Payroll Taxes<br>Payable                                | 1,799                             |   |  |                                    |  |
| General L-T<br>Debt - Land<br>Contract                  |                                   |   |  |                                    | 8,725                                    |
| TOTAL LIAB.   | <u>\$ 4,464</u>                   | <u>\$ -0-</u>                                   | <u>\$5,230</u>                                   | <u>\$ -0-</u>                      | <u>\$8,725</u>                           |
| Fund Balance  | <u>148,964</u>                    | <u>21,636</u>                                   | <u>-0-</u>                                       | <u>135,534</u>                     | <u>-0-</u>                               |
| TOTAL LIABILITIES<br>AND FUND<br>BALANCE                | <u>\$153,428</u>                  | <u>\$21,636</u>                                 | <u>\$5,230</u>                                   | <u>\$135,534</u>                   | <u>\$8,725</u>                           |

The accompanying notes are an integral part of the financial statements.

MIDDLEBURY TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2004

|  | <u>GOVERNMENTAL FUND TYPES</u><br><u>GENERAL</u><br><u>FUND</u> | <u>SPECIAL</u><br><u>REVENUE</u> |
|--|---|----------------------------------|
| REVENUES:  |   |                                  |
| Taxes  | \$ 44,129   | \$                               |
| Intergovernmental  | 108,852   |                                  |
| Miscellaneous  | 4,117   |                                  |
| Interest Income  | <u>1,738</u>  | <u>1,636</u>                     |
| TOTAL REVENUES   | \$158,836   | \$ 1,636                         |
| EXPENDITURES:  |   |                                  |
| Township Board   | \$ 10,408   | \$                               |
| Supervisor   | 8,637   |                                  |
| Clerk  | 9,834   |                                  |
| Board of Review  | 697   |                                  |
| Treasurer  | 11,975  |                                  |
| Township Hall  | 1,561   |                                  |
| Assessor   | 7,892   |                                  |
| Planning   | -0-   |                                  |
| Fire & Emergency   | 11,292  |                                  |
| Cemetery   | 10,034  |                                  |
| Elections  | -0-   |                                  |
| Payroll Taxes  | 2,848   |                                  |
| Roads  | 63,129  |                                  |
| Street Lights  | 2,497   |                                  |
| Insurance  | 3,967   |                                  |
| Drains at large  | 4,674   |                                  |
| Legal & Accounting   | 4,482   |                                  |
| Misc. & Office Expense   | -0-   |                                  |
| Recreation   | <u>1,755</u>  |                                  |
| TOTAL EXPENDITURES   | <u>\$155,682</u>  | <u>\$ -0-</u>                    |
| EXCESS OF REVENUES<br>OVER (UNDER)   |   |                                  |
| EXPENDITURES   | \$ 3,154  | \$ 1,636                         |
| OTHER FINANCING SOURCES (USES) OF FUNDS:   |   |                                  |
| Transfers In   | \$ -0-  | \$ -0-                           |
| Transfers Out  | <u>-0-</u>  | <u>-0-</u>                       |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES AND<br>OTHER FINANCING SOURCES<br>(USES) | \$ 3,154  | \$ 1,636                         |
| Fund Balance at 3-31-03  | 145,810   | 20,000                           |
| FUND BALANCE AT 3-31-04  | <u>\$148,964</u>  | <u>\$21,636</u>                  |

The accompanying notes are an integral part of the financial statements.



MIDDLEBURY TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES, AND COMPARISON OF BUDGET TO ACTUAL  
YEAR ENDED MARCH 31, 2004

|                                    | <u>GENERAL FUND</u> |                  |  | <u>SPECIAL REVENUE FUND</u> |                 |  |
|------------------------------------|---------------------|------------------|--|-----------------------------|-----------------|--|
|                                    | <u>BUDGET</u>       | <u>ACTUAL</u>    | ACTUAL<br>(OVER)<br>UNDER<br><u>BUDGET</u> | <u>BUDGET</u>               | <u>ACTUAL</u>   | ACTUAL<br>(OVER)<br>UNDER<br><u>BUDGET</u> |
| REVENUES:                          |                     |                  |  |                             |                 |  |
| Taxes                              | \$ 41,173           | \$ 44,129        | \$ (2,956)                                 | \$ -0-                      | \$              | \$   |
| Intergov't.                        | 108,800             | 108,852          | (52)                                       | -0-                         |                 |  |
| Misc.                              | 10,250              | 4,117            | 6,133                                      | -0-                         |                 |  |
| Interest Inc.                      | <u>1,500</u>        | <u>1,738</u>     | <u>(238)</u>                               | <u>-0-</u>                  | <u>1,636</u>    | <u>(1,636)</u>                             |
| TOTAL REV.                         | \$161,723           | \$158,836        | \$ 2,887                                   | \$ -0-                      | \$ 1,636        | \$ (1,636)                                 |
| EXPENDITURES:                      |                     |                  |  |                             |                 |  |
| Twp. Board                         | \$ 10,500           | \$ 10,408        | \$ 92                                      | \$                          | \$              | \$   |
| Supervisor                         | 9,300               | 8,637            | 663  |                             |                 |  |
| Clerk                              | 10,550              | 9,834            | 716  |                             |                 |  |
| Bd. of Review                      | 1,000               | 697              | 303  |                             |                 |  |
| Treasurer                          | 12,500              | 11,975           | 525  |                             |                 |  |
| Twp. Hall                          | 1,575               | 1,561            | 14   |                             |                 |  |
| Assessor                           | 8,500               | 7,892            | 608  |                             |                 |  |
| Planning                           | 1,000               | -0-              | 1,000                                      |                             |                 |  |
| Fire & Emerg.                      | 12,750              | 11,292           | 1,458                                      |                             |                 |  |
| Cemetery                           | 12,400              | 10,034           | 2,366                                      |                             |                 |  |
| Elections                          | 1,525               | -0-              | 1,525                                      |                             |                 |  |
| Misc. Office Exp                   | 500                 | -0-              | 500  |                             |                 |  |
| Payroll Taxes                      | 3,000               | 2,848            | 152  |                             |                 |  |
| Roads                              | 63,300              | 63,129           | 171  |                             |                 |  |
| Street Lights                      | 2,500               | 2,497            | 3  |                             |                 |  |
| Contingencies                      | -0-                 | -0-              | -0-  |                             |                 |  |
| Insurance                          | 5,000               | 3,967            | 1,033                                      |                             |                 |  |
| Drains at Large                    | 8,000               | 4,674            | 3,326                                      |                             |                 |  |
| Legal & Acct.                      | 7,000               | 4,482            | 2,518                                      |                             |                 |  |
| Recreation                         | <u>2,000</u>        | <u>1,755</u>     | <u>245</u>                                 |                             |                 |  |
| TOTAL EXPEND.                      | \$172,900           | \$155,682        | \$ 17,218                                  | \$ -0-                      | \$ -0-          | \$ -0-                                     |
| EXCESS OF REVENUES<br>OVER (UNDER) |                     |                  |  |                             |                 |  |
| EXPENDITURES \$(11,177)            | \$ 3,154            | \$ (14,331)      | \$ -0-                                     | \$ 1,636                    | \$ (1,636)      |  |
| Transfers In                       | -0-                 | -0-              | -0-  | -0-                         | -0-             | -0-  |
| Transfers Out                      | <u>-0-</u>          | <u>-0-</u>       | <u>-0-</u>                                 | <u>-0-</u>                  | <u>-0-</u>      | <u>-0-</u>                                 |
| EXCESS OF REVENUES<br>OVER (UNDER) |                     |                  |  |                             |                 |  |
| EXPENDITURES \$(11,177)            | \$ 3,154            | \$ (14,331)      | \$ -0-                                     | \$ 1,636                    | \$ (1,636)      |  |
| Fund Balance at 3-31-03            |                     | <u>145,810</u>   |  |                             | <u>20,000</u>   |  |
| FUND BALANCE AT 3-31-04            |                     | <u>\$148,964</u> |  |                             | <u>\$21,636</u> |  |

The accompanying notes are an integral part of the financial statements.

MIDDLEBURY TOWNSHIP  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED MARCH 31, 2004

CURRENT TAX COLLECTION FUND

|                              | BALANCE<br><u>4-1-03</u>       | <u>ADDITIONS</u>                    | <u>DEDUCTIONS</u>                   | BALANCE<br><u>3-31-04</u>     |
|------------------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| <b>ASSETS:</b>               |                                |                                     |                                     |                               |
| Cash                         | \$ <u>40,714</u>               | \$ <u>946,973</u>                   | \$ <u>982,457</u>                   | \$ <u>5,230</u>               |
| <b>LIABILITIES:</b>          |                                |                                     |                                     |                               |
| Due to Other Funds           | \$40,714                       | \$ -0-                              | \$ 35,484                           | \$ 5,230                      |
| Due to Other Taxing Entities | <u>-0-</u><br>\$ <u>40,714</u> | <u>946,973</u><br>\$ <u>946,973</u> | <u>946,973</u><br>\$ <u>982,457</u> | <u>-0-</u><br>\$ <u>5,230</u> |

The accompanying notes are an integral part of the financial statements.

MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Middlebury Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. REPORTING ENTITY

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential components units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units included in this report.

B. FUND ACCOUNTING

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FUND ACCOUNTING (CONTINUED)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories; Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

C. BASIS OF ACCOUNTING (CONTINUED)

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund liability is incurred.

Those revenue susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until receivable in cash.

The government reports deferred revenue on its combined balance sheet. Deferred revenue arise when a potential revenue does not meet the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

D. BUDGETS (CONTINUED)

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not utilized in the governmental funds. Encumbrances outstanding at year end are not reported as reservations of fund balances and also do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to investment in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund which are reported at market value.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

G. FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchase fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

G. FIXED ASSETS (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

H. COMPENSATED ABSENCES

The Township does not compensate employees for vacation time, sick time or any other absences.

I. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

J. USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Before the beginning of each fiscal year, all agencies of the government submit requests for appropriation so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before the beginning of each fiscal year, the proposed budget is presented to the board for review. The government's board holds public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available or the revenue estimates must be changed by an affirmative vote of a majority of the board.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

NOTE 3. - CASH AND CERTIFICATES OF DEPOSIT

The township's deposits consisted of various interest bearing savings and checking accounts and certificates of deposit. Michigan law does not require collateralization of government deposits. Therefore, only the identified amounts were insured by the Federal Deposit Insurance Corporation.

| <u>INSTITUTION</u> | <u>AMOUNT</u>    | <u>FDIC OR OTHER<br/>GOV'T INSURED</u> | <u>UNINSURED</u> |
|--------------------|------------------|--|------------------|
| <u>A</u>           |                  |  |                  |
| Checking           | \$108,594        | \$100,000                              | \$ 8,594         |
| Certificate of     |                  |  |                  |
| Deposit            | <u>62,208</u>    | <u>62,208</u>                          | <u>-0-</u>       |
|                    | <u>\$170,802</u> | <u>\$162,208</u>                       | <u>\$ 8,594</u>  |



MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE 4. INTERFUND

At March 31, 2004, individual interfund receivable and payable balances were:

|              | <u>INTERFUND<br/>RECEIVABLE</u> | <u>INTERFUND<br/>PAYABLE</u> |
|--------------|---------------------------------|------------------------------|
| General Fund | \$ 5,230                        | \$ -0-                       |
| Tax Fund     | <u>-0-</u>                      | <u>5,230</u>                 |
|              | \$ <u>5,230</u>                 | \$ <u>5,230</u>              |

NOTE 5. PROPERTY TAX

Taxes levied on December 1, are payable on February 14. The Township bills and collects its own property taxes and also taxes for the county and local school districts. Collections of the county and school taxes and remittances of them are accounted for in the current tax collection fund. Township property taxes are recognized when levied to the extent that they result in current receivables.

NOTE 6. CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

|                                     | <u>BALANCE<br/>3-31-03</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | <u>BALANCE<br/>3-31-04</u> |
|-------------------------------------|----------------------------|------------------|------------------|----------------------------|
| Land                                | \$ 5,900                   | \$13,088         | \$ -0-           | \$ 18,988                  |
| Buildings                           | 6,589                      |                  |                  | 6,589                      |
| Ambulance and<br>Fire Truck         | 81,167                     |                  |                  | 81,167                     |
| Voting Machines                     | 10,826                     |                  |                  | 10,826                     |
| Machinery, Equip.,<br>Furn. & Fixt. | <u>18,049</u>              |                  | <u>85</u>        | <u>17,964</u>              |
|                                     | \$ <u>122,531</u>          | \$ <u>13,088</u> | \$ <u>85</u>     | \$ <u>135,534</u>          |

MIDDLEBURY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004

NOTE 7. LONG-TERM DEBT

On December 18, 2002, the township entered into an installment agreement along with the municipalities of the Village of Ovid and the Township of Ovid, under P.A. 1937, No. 215, as amended by P.A. 1980 No. 366 (MCL 128.2) for the purpose of additional land for the Maple Grove Cemetery Authority.

Payments for the land contract are to be shared by Middlebury Township, the Village of Ovid and the Township of Ovid based on a per capita rate of \$2.93 at the time a payment is due, for a period of 3 years, including the required accrued interest. The interest rate for this agreement is at 8.0%.

Annual payment requirements for Middlebury Township through maturity are estimated as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|------------------|-----------------|--------------|
| 2003        | \$3,465.77       | \$ 897.00       | \$4,362.77   |
| 2004        | 3,465.77         | 897.00          | 4,362.77     |
| 2005        | 3,465.77         | 897.00          | 4,362.77     |

OTHER FINANCIAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

MIDDLEBURY TOWNSHIP  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

|                        |                  |
|------------------------|------------------|
| Cash                   | \$103,364        |
| Certificate of Deposit | 40,585           |
| Taxes Receivable       | 4,249            |
| Due from Other Funds   | <u>5,230</u>     |
|                        | <u>\$153,428</u> |

LIABILITIES AND FUND BALANCE

|                       |                  |
|-----------------------|------------------|
| Accounts Payable      | \$ 2,665         |
| Payroll Taxes Payable | 1,799            |
| Fund Balance          | <u>148,964</u>   |
|                       | <u>\$153,428</u> |

The accompanying notes are an integral  
part of the financial statements.

MIDDLEBURY TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004

|                            | <u>AMENDED<br/>BUDGET</u> | <u>ACTUAL</u>    | ACTUAL<br>(OVER)<br>UNDER<br><u>BUDGET</u> |
|----------------------------|---------------------------|------------------|--|
| REVENUES:                  |                           |                  |  |
| Taxes:                     |                           |                  |  |
| Current Property Taxes     | \$                        | \$ 33,961        | \$   |
| Collection Fee             |                           | <u>10,168</u>    |  |
| TOTAL TAXES                | \$ 41,173                 | \$ 44,129        | \$ (2,956)                                 |
| Intergovernmental:         |                           |                  |  |
| State of Michigan:         |                           |                  |  |
| Sales Tax                  | \$                        | \$108,852        | \$   |
| TOTAL INTERGOVERNMENTAL    | \$108,800                 | \$108,852        | \$ (52)                                    |
| Miscellaneous Receipts:    |                           |                  |  |
| Dog Lic., Rent, Misc. Inc. |                           | \$ 2,171         | \$   |
| Cable TV                   |                           | 1,946            |  |
| Interest Income            |                           | <u>1,738</u>     |  |
| TOTAL MISCELLANEOUS        | \$ 11,750                 | \$ 5,855         | \$ 5,895                                   |
| TOTAL REVENUES             | <u>\$161,723</u>          | <u>\$158,836</u> | <u>\$ 2,887</u>                            |
| EXPENDITURES:              |                           |                  |  |
| General Government:        |                           |                  |  |
| Township Board:            |                           |                  |  |
| Salaries-Trustees          | \$                        | \$ 5,610         | \$   |
| Office Supplies &          |                           |                  |  |
| Misc.                      |                           | <u>4,798</u>     |  |
|                            | \$ 10,500                 | \$ 10,408        | \$ 92                                      |
| Supervisor:                |                           |                  |  |
| Salaries                   | \$                        | \$ 8,200         | \$   |
| Office Supplies &          |                           |                  |  |
| Misc.                      |                           | <u>437</u>       |  |
|                            | \$ 9,300                  | \$ 8,637         | \$ 663                                     |

The accompanying notes are an integral part of the financial statements.

MIDDLEBURY TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2004

|                         | <u>AMENDED<br/>BUDGET</u> | <u>ACTUAL</u> | ACTUAL<br>(OVER)<br>UNDER<br><u>BUDGET</u> |
|-------------------------|---------------------------|---------------|--|
| EXPENDITURES:           |                           |               |  |
| General Government:     |                           |               |  |
| Clerk:                  |                           |               |  |
| Salaries                | \$                        | \$ 8,800      | \$   |
| Office Supplies & Misc. | <u>          </u>         | <u>1,034</u>  | <u>          </u>                          |
|                         | \$ 10,550                 | \$ 9,834      | \$ 716                                     |
| Board of Review:        |                           |               |  |
| Salaries                | \$                        | \$ 585        | \$   |
| Office Supplies         | <u>          </u>         | <u>112</u>    | <u>          </u>                          |
|                         | \$ 1,000                  | \$ 697        | \$ 303                                     |
| Treasurer:              |                           |               |  |
| Salaries                | \$                        | \$ 8,701      | \$   |
| Office Supplies & Misc. | <u>          </u>         | <u>3,274</u>  | <u>          </u>                          |
|                         | \$ 12,500                 | \$ 11,975     | \$ 525                                     |
| Township Hall:          |                           |               |  |
| Repairs & Maint.        | \$                        | \$ 905        | \$   |
| Lights                  | <u>          </u>         | <u>656</u>    | <u>          </u>                          |
|                         | \$ 1,575                  | \$ 1,561      | \$ 14                                      |
| Assessor:               |                           |               |  |
| Salary                  | \$                        | \$ 7,000      | \$   |
| Office Supplies & Misc. | <u>          </u>         | <u>892</u>    | <u>          </u>                          |
|                         | \$ 8,500                  | \$ 7,892      | \$ 608                                     |
| Planning:               |                           |               |  |
| Salaries                | \$                        | \$            | \$   |
| Office Supplies         | <u>          </u>         | <u>-0-</u>    | <u>1,000</u>                               |
|                         | \$ 1,000                  | \$ -0-        | \$ 1,000                                   |
| Fire:                   |                           |               |  |
| Fire Calls              | \$                        | \$ 11,097     | \$   |
| Board Mtg. - Salary     | <u>          </u>         | <u>195</u>    | <u>          </u>                          |
|                         | \$ 12,750                 | \$ 11,292     | 1,458                                      |

The accompanying notes are an integral part of the financial statements.

MIDDLEBURY TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2004

|   | <u>AMENDED<br/>BUDGET</u> | <u>ACTUAL</u>    | ACTUAL<br>(OVER)<br>UNDER<br><u>BUDGET</u> |
|---|---------------------------|------------------|--|
| General Government:   |                           |                  |  |
| Cemetery:   |                           |                  |  |
| Salary  | \$                        | \$ 3,472         | \$   |
| Supplies & Misc.  |                           | 1,677            |  |
| Repairs & Maint.  |                           | 522              |  |
| Capital Outlay  |                           | <u>4,363</u>     |  |
|   | \$ <u>12,400</u>          | \$ <u>10,034</u> | \$ <u>2,366</u>                            |
| Elections:  |                           |                  |  |
| Salaries  | \$                        | \$               | \$   |
| Office Supplies & Misc.   |                           |                  |  |
|   | \$ <u>1,525</u>           | \$ <u>-0-</u>    | \$ <u>1,525</u>                            |
| General Government:   |                           |                  |  |
| Miscellaneous   | \$ 500                    | \$               | \$ 500                                     |
| Payroll Taxes   | 3,000                     | 2,848            | 152  |
| Roads   | 63,300                    | 63,129           | 171  |
| Street Lights   | 2,500                     | 2,497            | 3  |
| Contingencies   | -0-                       |                  | -0-  |
| Insurance   | 5,000                     | 3,967            | 1,033                                      |
| Drains at Large   | 8,000                     | 4,674            | 3,326                                      |
| Legal & Accounting  | 7,000                     | 4,482            | 2,518                                      |
| Recreation  | <u>2,000</u>              | <u>1,755</u>     | <u>245</u>                                 |
|   | \$ <u>91,300</u>          | \$ <u>83,352</u> | \$ <u>7,948</u>                            |
| TOTAL EXPENDITURES  | \$172,900                 | \$155,682        | \$ 17,218                                  |
| Excess of Revenues Over<br>(Under) Expenditures                   | \$ (11,177)               | \$ 3,154         | \$ (14,331)                                |
| OTHER SOURCES (USES) OF FUNDS:                                    |                           |                  |  |
| Operating Transfers In  | \$ -0-                    | \$ -0-           | \$ -0-                                     |
| Operating Transfers Out   | <u>-0-</u>                | <u>-0-</u>       | <u>-0-</u>                                 |
| Excess of Revenues Over<br>(under) Expenditures<br>and Other Uses | \$ <u>(11,177)</u>        | \$ 3,154         | \$ <u>(14,331)</u>                         |
| Fund Balance at Beginning of Year                                 |                           | <u>145,810</u>   |  |
| FUND BALANCE AT END OF YEAR                                       |                           | <u>\$148,964</u> |  |

The accompanying notes are an integral part of the financial statements.



SPECIAL REVENUE FUNDS

CEMETERY FUND - To account for monies  
collected and invested for the operation  
of the cemetery.

MIDDLEBURY TOWNSHIP  
CEMETERY FUND  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

|                        |                 |
|------------------------|-----------------|
| Cash                   | \$ -0-          |
| Certificate of Deposit | 21,622          |
| Interest Receivable    | <u>14</u>       |
|                        | <u>\$21,636</u> |

LIABILITIES AND FUND BALANCE

|              |                 |
|--------------|-----------------|
| Fund Balance | <u>\$21,636</u> |
|--------------|-----------------|

The accompanying notes are an integral  
part of the financial statements.

MIDDLEBURY TOWNSHIP  
CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
MARCH 31, 2004

|                                | <u>AMENDED<br/>BUDGET</u> | <u>ACTUAL</u>   | ACTUAL<br>(OVER)<br>UNDER<br><u>BUDGET</u> |
|--------------------------------|---------------------------|-----------------|--|
| REVENUES:                      |                           |                 |  |
| Interest Income                | \$ -0-                    | \$ 1,636        | \$(1,636)                                  |
| Cemetery Lot Sales             | <u>-0-</u>                | <u>-0-</u>      | <u>-0-</u>                                 |
| TOTAL REVENUES                 | <u>\$ -0-</u>             | \$ 1,636        | \$( <u>1,636</u> )                         |
| Fund Balance at March 31, 2003 |                           | <u>20,000</u>   |  |
| FUND BALANCE AT MARCH 31, 2004 |                           | <u>\$21,636</u> |  |

The accompanying notes are an integral  
part of the financial statements.

FIDUCIARY FUNDS

CURRENT TAX COLLECTION FUND

Current Tax Collection - To account for the collection and payment to the local units of government, property taxes and fees billed and collected.

MIDDLEBURY TOWNSHIP  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES  
YEAR ENDED MARCH 31, 2004

CASH RECEIPTS:

2003 Roll Property Tax Collections For:

|                               |               |           |
|-------------------------------|---------------|-----------|
| Clinton County                | \$105,626     |           |
| Shiawassee County             | 388,280       |           |
| Owosso Schools                | 2,738         |           |
| Ovid-Elsie Schools            | 304,279       |           |
| Library                       | 31,457        |           |
| Middlebury Township           | 37,580        |           |
| Ovid - Middlebury Amb. & Fire | <u>74,677</u> | \$944,637 |

Other Receipts:

|                         |              |              |
|-------------------------|--------------|--------------|
| Delinquent Taxes & Fees | \$ 528       |              |
| Dog Licenses            | 210          |              |
| Interest & Penalties    | 37           |              |
| Overpayments            | <u>1,208</u> | <u>1,983</u> |
| TOTAL CASH RECEIPTS     |              | \$946,620    |

Cash Disbursements:

|  |              |                |
|--|--------------|----------------|
| Clinton County                                     | \$105,695    |                |
| Shiawassee County                                  | 388,491      |                |
| Owosso School Dist.                                | 2,739        |                |
| Ovid-Elsie School Dist.                            | 304,279      |                |
| Ovid-Middlebury - Amb. & Fire                      | 74,677       |                |
| Library  | 31,457       |                |
| Middlebury Township:                               |              |                |
| General Fund S/C                                   | 12           |                |
| General Fund                                       | 73,476       |                |
| Refunds  | <u>1,209</u> | <u>982,104</u> |
| EXCESS OF CASH RECEIPTS OVER<br>CASH DISBURSEMENTS |              | \$(35,484)     |

Cash Balances:

|                                |                 |
|--------------------------------|-----------------|
| Cash Balance at March 31, 2003 | <u>40,714</u>   |
| CASH BALANCE AT MARCH 31, 2004 | <u>\$ 5,230</u> |

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used  
in proprietary fund operations or  
accounted for in Trust Funds.

MIDDLEBURY TOWNSHIP  
SCHEDULE OF GENERAL FIXED ASSETS  
MARCH 31, 2004

GENERAL FIXED ASSETS:

|   |                  |
|---|------------------|
| Land  | \$ 18,988        |
| Buildings                                       | 6,589            |
| Ambulance and Fire Trucks<br>(Township Share)   | 81,167           |
| Voting Machines                                 | 10,826           |
| Machinery, Equipment, Furniture<br>and Fixtures | <u>17,964</u>    |
|   | <u>\$135,534</u> |
| Investment in General Fixed Assets              | <u>\$135,534</u> |

The accompanying notes are an integral  
part of the financial statements.

GENERAL LONG-TERM DEBT

To account for the long-term contract payable for additional land for cemetery indebtedness.



MIDDLEBURY TOWNSHIP  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
BALANCE SHEET  
MARCH 31, 2004

ASSETS

|  |                 |
|--|-----------------|
| Amount to be Provided for the<br>Retirement of Contracts | \$ <u>8,725</u> |
|--|-----------------|

LIABILITIES

|                              |                 |
|------------------------------|-----------------|
| Note Payable - Land Contract | \$ <u>8,725</u> |
|------------------------------|-----------------|

The accompanying notes are an integral  
part of the financial statements.

MIDDLEBURY TOWNSHIP  
ANALYSIS OF CHANGE IN FUND BALANCE  
GENERAL LONG-TERM DEBT  
MARCH 31, 2004

|                | <u>BALANCE</u><br><u>3-31-03</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>BALANCE</u><br><u>3-31-04</u> |
|----------------|----------------------------------|------------------|------------------|----------------------------------|
| Note Payable - |                                  |                  |                  |                                  |
| Land Contract  | \$ <u>-0-</u>                    | \$ <u>13,088</u> | \$ <u>4,363</u>  | \$ <u>8,725</u>                  |
|                | \$ <u>-0-</u>                    | \$ <u>13,088</u> | \$ <u>4,363</u>  | \$ <u>8,725</u>                  |

The accompanying notes are an integral part of the financial statements.

MIDDLEBURY TOWNSHIP  
NOTE PAYABLE - LAND CONTRACT  
MARCH 31, 2004

| <u>YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL<br/>PAYMENT</u> |
|-------------|------------------|-----------------|--------------------------|
| 2003        | \$3,465.77       | \$ 897.00       | \$4,362.77               |
| 2004        | 3,465.77         | 897.00          | 4,362.77                 |
| 2005        | 3,465.77         | 897.00          | 4,362.77                 |

The accompanying notes are an integral  
part of the financial statements.



# DEMIS and WENZLICK, P.C.

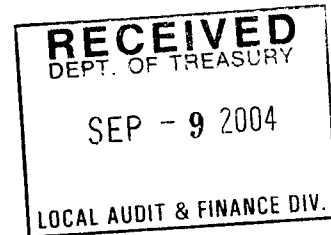
Certified Public Accountants

217 N. Washington Street  
Pabst Building, Suite 201  
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143  
E-MAIL office@dw-cpa.com

Lori S. Chant, C.P.A.  
Carol A. Demis  
Jeanette Gaitskill  
Janet E. Guru  
Janis K. Mead  
Tammy Pappas  
Peggy Ryan  
Joyce M. Simmons  
Geraldine Terry, C.P.A.

James Demis, Jr., C.P.A.  
LaVearn G. Wenzlick, C.P.A.



Members of the Township Board  
Township of Middlebury  
Shiawassee County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we discovered the following areas which required specific recommendation, as a result of the audit our firm perform on the financial statements of Middlebury Township for the year ended March 31, 2004.

## GASB 34

The Government Accounting Standard Board issued Statement #34. This statement significantly changes governmental financial reporting. It requires reporting of infrastructure, including related depreciation and it requires management discussion and analysis of the government's financial condition. The effective date of this statement is March 31, 2005 for the Township of Middlebury.

The State of Michigan has indicated it will not enforce compliance with GASB 34. We will, at a later time, itemize both the advantages and disadvantages to the Township of Middlebury's compliance with this statement.

We wish to thank the board for the excellent cooperation we received in performing the Township audit. If we can be of any further assistance to the Township please contact us.

*Demis and Wenzlick, P.C.*

Certified Public Accountants

Owosso, Michigan  
July 30, 2004